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澳門博彩控股有限公司
SJM HOLDINGS LIMITED

incorporated in Hong Kong with limited liability Stock Code : 880

**REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
WITH THE STDM GROUP**

**REVISION OF ANNUAL CAPS FOR THE HOTEL ACCOMODATION CONTINUING
CONNECTED TRANSACTIONS**

Reference is made to the 2023 Announcement regarding the Products and Services Master Agreement entered into between the Company and STDM. On 2 March 2023, the Company entered into the Products and Services Master Agreement with STDM, pursuant to which the STDM Group will provide, among other things, hotel accommodation services to the Group for the three years ending 31 December 2025.

In view of the strong growth in hotel accommodation services in the first half of 2023 as explained below, the Company proposes to revise the existing Annual Caps for each of the three years ending 31 December 2025 for the Hotel Accommodation Continuing Connected Transactions to be provided by STDM Group to the Group.

**REVISION OF THE ANNUAL CAPS FOR THE PREMISES LEASING CONTINUING
CONNECTED TRANSACTIONS**

Reference is made to the 2023 Announcement regarding the Premises Leasing Master Agreement entered into between the Company and STDM. On 2 March 2023, the Company and STDM entered into the Premises Leasing Master Agreement, which provides the framework for individual lease agreements relating to the premises, including but not limited to offices or staff quarters, to be leased by the Group from the STDM Group.

The Company proposes to revise the existing Annual Caps for each of the three years ending 31 December 2025 for the Premises Leasing Continuing Connected Transactions due to, among other things, re-instatement cost for Casino Lisboa and Casino Eastern are expected to be incurred in 2023 or 2024.

LISTING RULES IMPLICATIONS

STDM is a connected person of the Company under the Listing Rules by virtue of it being the controlling Shareholder interested in approximately 54.81% of the issued shares of the Company.

Since the highest percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the respective revised Annual Caps in respect of the Hotel Accommodation Continuing Connected Transactions and the Premises Leasing Continuing Connected Transactions, on an annual basis, exceeds 0.1% but all applicable percentage ratios are less than 5%, the aforesaid transactions will constitute continuing connected transactions for the Company under the Listing Rules and the Company is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(A) REVISION OF ANNUAL CAPS FOR THE HOTEL ACCOMODATION CONTINUING CONNECTED TRANSACTIONS

(i) Background

Reference is made to the 2023 Announcement regarding the Products and Services Master Agreement entered into between the Company and STDM. On 2 March 2023, the Company entered into the Products and Services Master Agreement with STDM, pursuant to which the STDM Group will provide, among other things, hotel accommodation services to the Group for the three years ending 31 December 2025.

In view of the strong growth in hotel accommodation services in the first half of 2023 as explained below, the Company proposes to revise the existing Annual Caps for each of the three years ending 31 December 2025 for the Hotel Accommodation Continuing Connected Transactions to be provided by the STDM Group to the Group.

(ii) Reasons for and details of revision of the Annual Caps

The following table sets out the historical expenditures for the six months ended 30 June 2023, and the existing and the proposed Annual Caps for each of the three years ending 31 December 2025 in relation to the Hotel Accommodation Continuing Connected Transactions.

	Aggregate amount for the six months ended 30 June 2023 <i>(HK\$ million)</i>	The Annual Caps for year ending 31 December		
		2023	2024	2025
	<i>(unaudited)</i>			
Actual	12.8			
The existing Annual Caps		14.4	18.5	22.6
The proposed Annual Caps		47.3	103.5	113.9

The Group operates a number of casinos in Macau, including Casino Grand Lisboa Palace, Casino Grand Lisboa, Casino Lisboa, Casino Oceanus at Jai-Alai and nine casinos operated by third parties. In order to attract gaming patrons and guests to these casinos, the Group has provided free-of-charge hotel accommodation to selected gaming patrons and guests. Except for the hotels operated by the Group (i.e., Grand Lisboa Palace Resort, Grand Lisboa Hotel, Jai-Alai Hotel and Sofitel Macau at Ponte 16), the Group has to pay for the hotel accommodation charges for the aforesaid selected gaming patrons and guests.

The Annual Caps represent the maximum amount payable by the Group to the hotels owned by the STDM Group, including Hotel Lisboa Macau, Hotel Sintra Macau, Grand Coloane Resort, Macau and Artyzen Grand Lapa Macau (collectively, “**STDM Hotels**”), for hotel room charges attributable to the Group’s selected gaming patrons and guests.

The aggregate amount for hotel accommodation services for the six months ended 30 June 2023 was approximately HK\$12.8 million, representing approximately 88.9% of the existing Annual Cap for the entire year ending 31 December 2023. The actual amount for hotel accommodation had been increasing in 2023, from approximately HK\$1.4 million in January 2023 to approximately HK\$3.1 million in June 2023. Such increase was mainly attributable to (i) the recovery of Macau gaming industry in the post-COVID-19 period, which could be evidenced by increase in gross gaming revenue in Macau from approximately MOP11.6 billion in January 2023 to approximately MOP15.2 billion in June 2023 according to the Gaming Inspection and Coordination Bureau of the government of Macau; (ii) the increase in visitor arrivals, from approximately 1.4 million in January 2023 to approximately 2.2 million in June 2023 according to the Statistics and Census Service of the government of Macau; and (iii) the Company’s strategy to increase the client base by providing hotel accommodation services to their clients.

In view of the strong growth in hotel accommodation services, the existing Annual Caps for the three years ending 31 December 2025 are proposed to be revised with reference to the following factors: (i) actual transaction amount for hotel accommodation services; (ii) expected growth in gross gaming revenue and visitor arrivals in Macau in the second half of 2023; (iii) expected additional demand for hotel rooms of STDM Hotels arising from renovation of Grand Lisboa Hotel for the year ending 31 December 2024 and 2025; (iv) expected growth for the year ending 31 December 2024 and 2025; and (v) a buffer for inflation and unanticipated demand for hotel accommodation services.

(iii) Reasons for and benefits of entering into the Hotel Accommodation Continuing Connected Transactions

The Group's core business is the development and operation of casinos and related facilities in Macau. The STDM Group is a conglomerate principally engaged in, among others, hospitality operation and management and transportation in Macau. The Board (including the independent non-executive Directors but excluding the Abstained Directors) considers that the provision of the hotel accommodation services under the Products and Services Master Agreement is a necessary component of the Group's business since, primarily, it facilitates the Group to provide its gaming patrons and guests with hotel accommodation services. The Board (including the independent non-executive Directors but excluding the Abstained Directors) considers the execution of the Products and Services Master Agreement is in the ordinary and usual course of the business of the Group as the procurement of the hotel accommodation services is a necessary component of the Group's ongoing business and in the interests of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors but excluding the Abstained Directors) is of the view that the terms of the Products and Services Master Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned.

(B) REVISION OF THE ANNUAL CAPS FOR THE PREMISES LEASING CONTINUING CONNECTED TRANSACTIONS

(i) Background

Reference is made to the 2023 Announcement regarding the Premises Leasing Master Agreement entered into between the Company and STDM. On 2 March 2023, the Company and STDM entered into the Premises Leasing Master Agreement, which provides the framework for individual lease agreements relating to the premises, including but not limited to offices or staff quarters, to be leased by the Group from the STDM Group.

The Company proposes to revise the existing Annual Caps for each of the three years ending 31 December 2025 for the Premises Leasing Continuing Connected Transactions due to, among other things, re-instatement cost for Casino Lisboa and Casino Eastern are expected to be incurred in 2023 or 2024.

(ii) Reasons for and details of revision of the Annual Caps

The following table sets out the historical transaction amount for the six months ended 30 June 2023, and the Annual Caps in relation to the rental and related payments made by the Group to the STDM Group under the Premises Leasing Master Agreement to be recognised in the consolidated financial statements of the Group for each of the three years ending 31 December 2025.

	Aggregate amount for the six months ended 30 June 2023 <i>(HK\$ million)</i>	The Annual Caps for year ending 31 December		
		2023	2024	2025
	<i>(unaudited)</i>			
Actual	17.1			
The existing Annual Caps		18.8	3.2	3.2
The proposed Annual Caps		34.5	17.0	4.3

The existing Annual Caps for the transactions under the Premises Leasing Master Agreement were determined by reference to: (i) the existing leases entered into between the Group and the STDM Group; (ii) the expected renewal of certain existing leases during the three years ending 31 December 2025; (iii) the estimated rental adjustments to be made to the renewed leases; (iv) the application of Hong Kong Financial Reporting Standards 16 “Lease” for renewed leases; and (v) a buffer for additional and unexpected demand of the Group for the premises owned by the STDM Group for the Group’s business operations up to 31 December 2025.

The proposed Annual Caps for the three years ending 31 December 2025 are increased by approximately HK\$15.7 million, HK\$13.8 million and HK\$1.1 million, respectively. Such increases are attributable to (i) expected re-instatement cost for Casino Lisboa and Casino Eastern of approximately HK\$13.8 million, which will be incurred either for the year ending 31 December 2023 or 2024; (ii) an additional unit leased for service counter of approximately HK\$1.9 million for the year ending 31 December 2023; and (iii) office renewal of approximately HK\$1.1 million for the year ending 31 December 2025.

(iii) Reasons for and benefits of entering into the Premises Leasing Continuing Connected Transactions

The STDM Group is one of the most prominent landowners in Macau and, at the time of the Company’s listing in 2008, owned a number of properties in which the Group operated. The Board (including the independent non-executive Directors but excluding the Abstained Directors) considers that the lease of properties pursuant to the Premises Leasing Master Agreement is a necessary component of the Group’s ongoing business. The Board (including the independent non-executive Directors but excluding the Abstained Directors) considers that the transactions under the Premises Leasing Master Agreement have been and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole and the terms of the Premises Leasing Master Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the independent Shareholders are concerned.

(C) LISTING RULES IMPLICATIONS

STDM is a connected person of the Company under the Listing Rules by virtue of it being the controlling Shareholder interested in approximately 54.81% of the issued shares of the Company.

Since the highest percentage ratio (other than the profits ratio) as defined in the Listing Rules as determined by reference to the respective revised Annual Caps in respect of the Hotel Accommodation Continuing Connected Transactions and the Premises Leasing Continuing Connected Transactions, on an annual basis, exceeds 0.1% but all applicable percentage ratios are less than 5%, the aforesaid transactions constitute continuing connected transactions for the Company under the Listing Rules and the Company is required to comply with announcement, reporting and annual review requirements but exempt from circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for the Abstained Directors, none of them have a material interest in the Hotel Accommodation Continuing Connected Transactions and the Premises Leasing Continuing Connected Transactions. The Abstained Directors were absent from the relevant Board meeting of the Company while the relevant resolution was being discussed and abstained from voting on the Board resolution on proposing the Hotel Accommodation Continuing Connected Transactions and the Premises Leasing Continuing Connected Transactions.

(D) DEFINITIONS

Unless defined otherwise, the terms used in this announcement shall have the following meanings:

“2023 Announcement”	the announcement of the Company dated 2 March 2023 in relation to, among other things, the Products and Services Master Agreement and the Premises Leasing Master Agreement
“Abstained Directors”	Ms. Ho Chiu Fung, Daisy, Deputada Leong On Kei, Angela, Dr. Chan Un Chan, Mr. Shum Hong Kuen, David and Mr. Tsang On Yip, Patrick, who are regarded as having material interests in the Hotel Accommodation Continuing Connected Transactions and the Premises Leasing Continuing Connected Transactions in view of their interests in the STDM Group, were absent from the relevant Board meeting of the Company while the relevant resolution was being discussed and have abstained from voting on the Board resolution on such transactions
“Annual Caps”	the annual maximum aggregate values for the transactions contemplated under the Hotel Accommodation Continuing Connected Transactions or the Premises Leasing Continuing Connected Transactions (as the case maybe) for each of the years ending 31 December 2023, 2024 and 2025

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	SJM Holdings Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Accommodation Continuing Connected Transactions”	the hotel accommodation services under the Products and Services Master Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Premises Leasing Continuing Connected Transactions”	the transactions contemplated under the Premises Leasing Master Agreement
“Premises Leasing Master Agreement”	the premises leasing master agreement dated 2 March 2023 entered into between the Company and STDM in relation to the leasing of premises by the STDM Group to the Group
“Products and Services Master Agreement”	the products and services master agreement dated 2 March 2023 entered into between the Company and STDM in relation to the provision of products and services by the STDM Group to the Group for various services ancillary to the Group’s casino gaming business

“Shareholder(s)”	holder(s) of the ordinary share(s) in the share capital of the Company
“STDM”	Sociedade de Turismo e Diversões de Macau, S.A. (in Portuguese) Macau Tourism and Amusement Company Limited (in English), a joint stock company “ <i>sociedade anónima</i> ” incorporated under the laws of Macau and the controlling Shareholder
“STDM Group”	STDM and its associates (other than the Group) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“MOP”	Macau Pataca(s), the lawful currency of Macau
“%”	per cent.

By order of the Board
SJM Holdings Limited
Ho Chiu Fung, Daisy
Chairman and Executive Director

Hong Kong, 24 August 2023

As at the date of this announcement, the executive directors of the Company are Ms. Ho Chiu Fung, Daisy, Mr. Fok Tsun Ting, Timothy, Deputada Leong On Kei, Angela, Dr. Chan Un Chan and Mr. Shum Hong Kuen, David, the non-executive director of the Company is Mr. Tsang On Yip, Patrick and the independent non-executive directors of the Company are Mr. Tse Hau Yin, Ms. Wong Yu Pok, Marina, Mr. Yeung Ping Leung, Howard and Mr. Ho Hau Chong, Norman.